

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7404**

**BILL NUMBER:** SB 289

**DATE PREPARED:** Mar 24, 1999

**BILL AMENDED:** Mar 23, 1999

**SUBJECT:** Health Insurance Claims Downcoding.

**FISCAL ANALYST:** Alan Gossard

**PHONE NUMBER:** 233-3546

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State and Local

**Summary of Legislation:** (Amended) This bill provides that for purposes of analyzing health care service claims, to recode means to change a code used on a claim for covered services to a different classification code. The bill requires the administrator or insurer to notify the provider and insured that the insurer or administrator has recoded the claim and to provide certain additional specified information.

The bill also adds a dependent child's incapability to self-sustain employment because of mental illness to the reasons that continue hospital and medical coverage to a child under certain insurance policies.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** (Revised) This bill requires ICHIA to continue to provide insurance coverage to a dependent unmarried child even if the child has reached the age of 19 and the child is incapable of self-sustaining employment by reason of mental illness and while the child is chiefly dependent for support and maintenance upon the person in whose name the contract is issued. The impact on the ICHIA program is expected to be nominal, if any.

The ICHIA program is funded from client premiums, as well as assessments on companies selling health insurance in Indiana. Companies that pay assessments are subsequently able to take a credit against premium taxes, gross income taxes, adjusted gross income taxes, supplemental corporate net income taxes, or any combination of these, equal to the amount of the credit. Although the possibility exists for some increased costs to the ICHIA program, and thus decreased revenues to the state, the impact is expected to be nominal.

**Explanation of Local Expenditures:** (Revised) The provisions of this bill could affect costs faced by

insurance companies that provide group coverage for the employees of local governments and school corporations. Increased premiums arising from these provisions, may or may not result in additional costs to local governments and school corporations, depending upon administrative action as to the determination of the employer/employee cost share for health plan benefits offered to employees. The impact on local units of government and school corporations would also differ by local unit and the particular benefit plan currently provided to employees. The impact is likely to be nominal.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Comprehensive Health Insurance Association (ICHIA)

**Local Agencies Affected:** Local Governments and School Corporations

**Information Sources:** Jeff Hannah, Anthem, 488-6225.